



9 July 1982

MEMORANDUM FOR: Executive Director

FROM: John N. McMahon
Deputy Director of Central Intelligence

SUBJECT: PFIAB Meeting, 8 July 1982

1. The subjects discussed centered on the prepared statement by the Director to the PFIAB updating them on areas of concern, namely Lebanon, Iraq, Iran and the threat that Iran poses to the Gulf states, the situation in Central America and a brief discussion of Argentina/Falklands.

2. Chairman Anne Armstrong acknowledged all the support that the Agency has given to the various subcommittees and thanked us for our help. She raised a question regarding the Consumer Survey; said they were anxious to get a copy which we had promised. The Director said it should be there and would make sure. The Director hit some of the highlights of the report.

3. John Foster spoke of technology transfer and commended the Agency for all it had done but he didn't see where the government itself was organized to do anything about it. He began to admonish us for not taking a strong position to oust all the Soviets from the United States. We spoke briefly of the impact to U.S. operations and the fact that the Soviets could readily come up with surrogates with the East Germans, Czechs and Polish diplomats here. Foster's response was to throw them all out. After berating us somewhat for not being more aggressive in times past, I challenged them and told them that concessions made to the Soviets were diplomatic concessions (i.e., State Department) and that intelligence had really been the voice in the wilderness. I pointed out that the State Department agreed to the Soviet embassy on Mt. Alto, right in the center of our microwave network, and at the same time had accepted a location in Moscow for our embassy which is in a virtual hole. I noted that Dick Helms had lead the fruitless outcry against this situation. Foster backed off and apologized.

4. We did acknowledge that there should be reciprocity between the U.S. and the Soviet Union in the numbers of people in each mission and also travel restrictions. The Director suggested the same should be true of the Chinese.

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5. Foster and Sy Weiss registered their concern over the soft wording of 11-3/8 regarding Soviet strategic forces. The wording of the Estimate says in effect that the Soviet strategic forces are "at least equal to those of the United States." They were enraged, pointing out that the Soviets had superior forces and that our Estimate was undercutting Defense on Capitol Hill in trying to get a better budget. The Director stuck by the wording, noting that the Soviets were ahead in some ways and behind in others and that he did not want to lean too far the other way regarding Soviet superiority and the phrase, "at least" left room for superiority to be accepted. I don't believe we had any support from the PFIAB on that point.

6. Next subject centered on the Soviet economy led by Leo Cherne who suggested we were always saying that the Soviet economy was a basket case. The Director countered this, saying the Soviets are in trouble but that being a communist nation they can always solve their problems by taking it out of the people. The discussion continued with the Director, I believe, convincing PFIAB of the balance of our Estimates regarding the Soviet economy.

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John N. McMahon

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